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# Revolution began 30 years earlier

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*From Mr James A. Dorn.*

Sir, Samuel Brittan ("**Still they are fighting for dead men's shoes**", February 4) rightly argues that "there is no harm in proclaiming the insights of past thinkers". That is particularly true in economics where, unlike physics, fallacies can return again and again – for example, the idea that trade surpluses are good and deficits bad.

In the article adjacent to Sir Samuel's, Sebastian Mallaby ("**Cities of the future need to hand over the keys**") ignores the history of economic thought by claiming that Stanford economist Paul Romer launched a "revolution" in development economics in the late 1980s with his "new growth theory", which holds that "the rules and norms that govern a society" are the ultimate determinants of economic growth. Yet in the late 1950s, Peter (Lord) Bauer was already arguing that "it is misleading to think of investment as the only or the principal determinant of development. Other factors and influences, such as institutional and political forces ... are often equally important or even more important".

For Bauer, the goal of development is to expand "the range of effective alternatives open to people": that is, to increase individual freedom through limited government and free trade. Those ideas are simple but powerful, and should not be lost sight of. Prof Romer deserves credit for formalising them, but he stands on the shoulders of giants.

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